

ANNUAL REPORT
of
THE GOODYEAR TIRE & RUBBER CO.
OF CANADA, LIMITED
NEW TORONTO, ONTARIO

1947



THE GREATEST NAME IN RUBBER

ANNUAL REPORT

to the Shareholders of

THE GOODYEAR TIRE & RUBBER CO. OF CANADA, LIMITED

For the Fiscal Year ended December 31st, 1947

NEW TORONTO, ONTARIO

THE GOODYEAR TIRE & RUBBER COMPANY

OF CANADA, LIMITED

General Offices: NEW TORONTO, ONT.

Factories: { NEW TORONTO, ONT.
BOWMANVILLE, ONT.
QUEBEC CITY, QUE.

Cotton Plant: ST. HYACINTHE, QUE.

BRANCHES

ST. JOHN, N.B. 112 Princess St.
QUEBEC, QUE. Cor. Dorchester and Lalemant Sts.
MONTREAL, QUE. 679 St. James St. W.
TORONTO, ONT. 622 Fleet St. W.
LONDON, ONT. 539 Richmond St.
WINNIPEG, MAN. 97 Higgins Ave.
REGINA, SASK. Cor. Broad St. and 6th Ave.
SASKATOON, SASK. Cor. 24th St. and Pacific Ave.
CALGARY, ALTA. 537—8th Ave. West
VANCOUVER, B.C. Cor. Nelson and Hamilton Sts.

WHOLESALE DISTRIBUTORS

Sydney, N. S. . . Cape Breton Battery & Vulcanizing Co. Ltd. . . 416 George St.
Halifax, N.S. . . Maritime Accessories Limited . . Sackville and South Park Sts.
Victoria, B.C. . . B. R. Ciceri & Co. 847 Yates St.

BOARD OF DIRECTORS

P. W. LITCHFIELD

Chairman

AKRON

A. G. PARTRIDGE

TORONTO

P. A. THOMSON

MONTREAL

C. H. CARLISLE

TORONTO

P. E. H. LEROY

AKRON

R. C. BERKINSHAW

TORONTO

E. J. THOMAS

AKRON

OFFICERS

A. G. PARTRIDGE

President

R. C. BERKINSHAW

Vice-President and General Manager

A. W. DENNY

Vice-President

C. B. COOPER

General Sales Manager

R. W. RICHARDS

Vice-President

J. W. PHILP

Assistant Treasurer

O. H. BARRETT

Assistant to President

G. G. MERRITT

Assistant Treasurer

D. C. CARLISLE

Treasurer

P. B. STEVENSON

Assistant Comptroller

K. E. KENNEDY

Secretary

C. W. J. EVANS

Assistant Comptroller

J. G. WILLIAMS

Comptroller and
Assistant Secretary

J. D. W. CUMBERLAND

Assistant Secretary

ANNUAL REPORT OF THE DIRECTORS OF THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

February 20, 1948.

TO THE SHAREHOLDERS:

Presented herewith is the annual report of the Board of Directors of THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED, and its subsidiary companies, which outlines the financial and operating results of the Company for the year ending December 31, 1947.

Operations of the combined Companies for the year resulted in a net profit of \$3,931,248, which, after deducting a non-operating gain of \$308,904 and after providing for the full dividend on preferred shares presently outstanding, was equivalent to \$12.83 per share of common stock. While achieving this favourable result your Company was, nevertheless, able to lead the way in a reduction of tire prices in the Industry—a move that was made in an attempt to aid the curbing of inflation in Canada.

In considering the profits for the year under review, shareholders should keep in mind that the sales of the Company's products during 1947 were abnormally high. Your Company's plants at New Toronto and Bowmanville were shut down for approximately four months during 1946 due to strike conditions which affected practically the entire rubber industry in Canada and this had the effect of throwing into 1947, sales and profits which would otherwise have been made in 1946.

The following summary sets out the manner in which the profits for the year have been applied:

FUNDS PROVIDED	
Operating net profit for the year.....	\$3,622,344
Non-operating profit for the year.....	308,904
Consolidated net profit for the year.....	\$3,931,248
Add provision for depreciation, which does not represent a current disbursement of funds.....	816,667
	\$4,747,915
Funds provided from issue of 50,000 shares of four per cent. preferred stock, less expenses in connection therewith.....	2,573,447
Total funds provided.....	\$7,321,362

DISPOSITION OF FUNDS	
Dividends on four per cent. preferred stock.....	\$ 270,000
Dividends on common stock.....	2,572,600
	\$2,842,600
Increase in investments and other assets.....	102,266
Expended for additions to plant and equipment (net).....	3,154,836
Increase in net current assets or working capital.....	1,221,660
Total as above.....	\$7,321,362

The consolidated balance sheet discloses that the strong financial position of your Companies has been well maintained and that the net working capital has increased substantially.

The inventories of raw materials, work in process and finished goods have been thoroughly reviewed and included in the balance sheet on the usual basis of cost or market, whichever is lower. The Company's inventories on hand and forward commitments are in a satisfactory position in relation to prices current at the year end.

Your Company's mill at St. Hyacinthe was operated at full capacity throughout the year in producing both cotton and rayon cord fabrics, but there is a continuing need for the expansion of rayon yarn production in both Canada and the United States.

Adequate reserves have been established to provide for accruing depreciation of buildings and equipment, possible loss in the realization of accounts receivable, and for income and excess profits taxes.

As anticipated in last year's report, heavy capital expenditures were made during 1947 in order to complete the program of expansion and modernization of the New Toronto and Bowmanville plants and to complete the new Airfoam and Pliofilm factories. These expenditures totalled in the net \$3,154,836 in the year 1947, the required funds being provided partly out of profits retained in the business and partly from the proceeds of the sale of preferred stock referred to below.

The Airfoam plant has now been completed and is in operation. The construction of the Pliofilm plant has been completed and most of the machinery installed, and it is anticipated this plant will be in operation in the very near future. A new factory project for the manufacture of moulded rubber goods is under way at St. Malo, P.Q. As this project has just recently been started, most of the expenditure for the plant and its equipment will be incurred in the year 1948.

An additional \$2,500,000 of preferred stock was sold during the year, the proceeds of which were used for the general corporate purposes of the Company, including some of the funds required for the plant expansion referred to above.

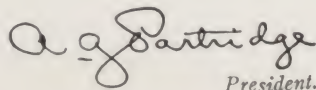
The completion of these projects will place your Company in a position to adequately meet all competition in present products and also allow it to enter new markets with new products.

You will be interested to learn that your Company has developed and introduced a new kind of tire—known as the Goodyear Super-Cushion tire—which has been accorded general acceptance by motor car manufacturers. It features a cross-section larger than in the standard tire, with greater volume of air content and less air pressure, thus making for easier riding and longer tire life.

In submitting this report your Board wishes to acknowledge and express appreciation of the conscientious service rendered by your Company's officers, employees and dealer organization during the year.

The thanks of the Board are also tendered to the shareholders for their continued co-operation and support.

On behalf of the Board.


President.

THE GOODYEAR TIRE & RUBBER AND SUBSIDIARIES

CONSOLIDATED

ASSETS

	December 31 1947	December 31 1946
CURRENT ASSETS:		
Cash.....	\$ 1,528,830	\$ 1,481,698
Accounts receivable, less reserve for bad debts—1947— \$225,905; 1946—\$225,905.....	4,095,758	3,818,200
Inventories at cost or market whichever is lower.....	9,902,185	7,265,098
TOTAL CURRENT ASSETS.....	\$15,526,773	\$12,564,996
INVESTMENTS AND OTHER ASSETS:		
Stocks, bonds and mortgages.....	\$ 233,582	\$ 192,333
Preferred stock redemption fund.....	55,000	
Refundable portion of excess profits tax.....	835,440	836,711
Deferred charges to future operations.....	98,194	92,177
	\$ 1,222,216	\$ 1,121,221
PROPERTY ACCOUNTS:		
Land, buildings, machinery and equipment.....	\$21,405,246	\$18,560,147
Less—Reserve for depreciation.....	13,193,702	12,686,772
	\$ 8,211,544	\$ 5,873,375
	\$24,960,533	\$19,559,592

MPANY OF CANADA, LIMITED

COMPANIES

BALANCE SHEET

LIABILITIES

	December 31 1947	December 31 1946
CURRENT LIABILITIES:		
Accounts payable.....	\$ 2,207,497	\$ 1,493,815
Reserve for income, excess profits and other taxes.....	1,714,077	1,741,682
Preferred stock dividend payable.....	80,000	55,000
Common stock dividend payable.....	1,029,040	
TOTAL CURRENT LIABILITIES.....	\$ 5,030,614	\$ 3,290,497
RESERVE FOR CONTINGENCIES.....	\$ 1,000,000	\$ 1,000,000
CAPITAL STOCK:		
Four per cent. Cumulative Redeemable Sinking Fund Preferred Stock:		
Authorized—160,000 shares of \$50.00 each, \$8,000,000; issued and fully paid		
December 31, 1947—160,000 shares.....	\$ 8,000,000	
December 31, 1946—110,000 shares.....		\$ 5,500,000
Common Stock, no par value:		
Authorized—290,660 shares; issued 257,260 shares.....	128,630	128,630
Capital Surplus, as per statement attached.....	692,350	618,903
	\$ 8,820,980	\$ 6,247,533
EARNED SURPLUS, as per statement attached.....	\$10,108,939	\$ 8,184,851
DEFERRED SURPLUS:		
Refundable portion of excess profits tax (transferred to Earned Surplus in 1947).....		\$ 836,711
	\$24,960,533	\$19,559,592

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS STATEMENT

	Year Ending December 31	
	1947	1946
Profit from operations for year before providing for depreciation and income and excess profits taxes....	\$ 7,796,259	\$5,560,153
Less—Special provision added to reserve for contingencies.....		500,000
	<u>\$ 7,796,259</u>	<u>\$5,060,153</u>
Other income.....	309,896	10,087
	<u>\$ 8,106,155</u>	<u>\$5,070,240</u>
Deduct:		
Provision for depreciation.....	816,667	683,951
Provision for income and excess profits taxes.....	3,358,240	2,726,276
	<u>\$ 4,174,907</u>	<u>\$3,410,227</u>
Balance of profits for the year carried to Earned Surplus, as below	<u>\$ 3,931,248</u>	<u>\$1,660,013</u>

CONSOLIDATED EARNED SURPLUS STATEMENT

	Year Ending December 31	
	1947	1946
Balance at end of previous year.....	\$ 8,184,851	\$8,096,432
Balance of profits for year, per consolidated profit and loss statement, given above.....	3,931,248	1,660,013
Refundable portion of excess profits tax transferred from Deferred Surplus.....	835,440	
	<u>\$12,951,539</u>	<u>\$9,756,445</u>
Deduct:		
Dividends:		
On five per cent. preferred stock (redeemed July 31, 1946).....		\$ 159,649
On four per cent. preferred stock.....	\$ 270,000	110,000
On common stock.....	2,572,600	1,029,040
Premium paid on redemption of five per cent. preferred stock.....		272,905
	<u>\$ 2,842,600</u>	<u>\$1,571,594</u>
Earned Surplus December 31, per balance sheet.....	<u>\$10,108,939</u>	<u>\$8,184,851</u>

CAPITAL SURPLUS STATEMENT

	Year Ending December 31	
	1947	1946
Balance at end of previous year.....	\$ 618,903	\$ 463,068
Add—Premium received on issue of four per cent. Preferred Stock, less expenses in connection therewith.....	73,447	155,835
Capital Surplus December 31, per balance sheet.....	<u>\$ 692,350</u>	<u>\$ 618,903</u>

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BUSINESS INFORMATION BUREAU
CORPORATION FILE

PRICE, WATERHOUSE & CO.

ROYAL BANK BUILDING
TORONTO

January 30, 1948

To the Shareholders of
THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED:

We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1947 and the related consolidated profit and loss and surplus statements. In connection therewith, we examined or tested accounting records and other supporting evidence, and all our requirements as auditors have been complied with; we also made a general review of the accounting methods and of the operating and income accounts for the year but our audit of the detailed transactions was confined to limited tests thereof.

We report that, in our opinion, based upon such examination, the accompanying consolidated balance sheet and consolidated profit and loss and surplus statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at December 31, 1947, and the results from the operations for the year ending on that date, according to the best of our information and the explanations given to us, and as shown by the books of the companies.

Price, Waterhouse & Co.

Chartered Accountants.

Expansion...

Expansion was the keynote of your company's operations in 1947.

During the year, two new plants were completed at New Toronto for the production of Airfoam and Pliofilm.

In Eastern Canada, at Quebec City, a factory for the manufacture of moulded rubber goods was acquired.

At the same time, in factories and branches from coast to coast, existing facilities were expanded and improved to promote the handling of an unprecedented volume of business.

Goodyear management feels that ability to grow with the times is an indication of successful operation.



NEW TORONTO
Head Office and Tire Plant.



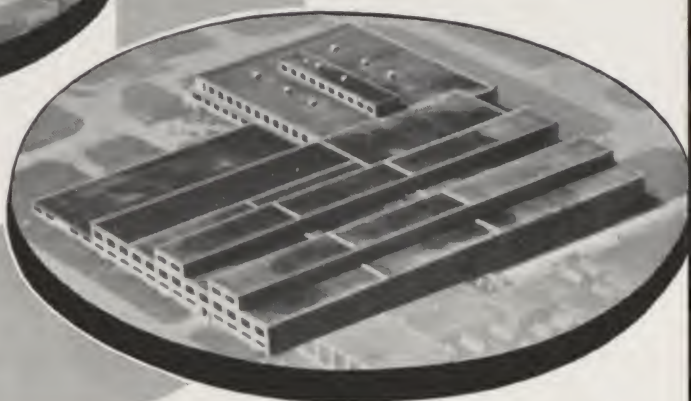
NEW TORONTO
Airfoam and Pliofilm



BOWMANVILLE
Industrial Rubber Goods



ST. HYACINTHE, P.Q.
Cotton and Rayon Mill



QUEBEC CITY, P.Q.
Moulded Rubber Goods

and...

...a sensational new kind of tire

Super cushion

YOU probably have seen these eye-catching advertisements announcing Super-Cushion . . . a new KIND of tire for a new KIND of ride . . . a bigger, softer tire that travels on only 24 pounds of air.

Automotive engineers say it is the first tire in 15 years to make a positive contribution to driving comfort and safety. Today, it is standard equipment on many of Canada's leading motor cars.

It's another Goodyear first, another reason why "More people ride on Goodyear tires than on any other kind."



The new

Super cushion

by

GOOD YEAR

MORE PEOPLE RIDE ON
GOODYEAR TIRES
THAN ON ANY OTHER KIND

